<u>Amendments to the claims:</u>

1 – 10. canceled.

11. (currently amended): A method of encoding a watermark in a digital signal, comprising**:** ~~the steps of:~~

generating varying ~~**watermark**~~ key bits; and

encoding the **varying** ~~watermark~~ **key bits** in the digital signal **as a watermark with reference to at least** ~~using the varying watermark key bits and~~ characteristics of the digital signal.

12. (currently amended): A method of **steganographically** encoding **bits** ~~a watermark~~ in a digital signal, comprising**:** ~~the steps of:~~

generating varying ~~watermark~~ key bits; and

steganographically encoding the ~~watermark in the~~ digital signal using the varying ~~watermark~~ key bits.

13. (currently amended): A method of encoding a watermark in a digital signal, comprising**:** ~~the steps of:~~

mapping key ~~**and processing state**~~ information to effect an encode/decode map; and

encoding the watermark in the digital signal using the encode/decode map and characteristics of the digital signal.

14 – 15. canceled.

16. (currently amended): A method of generating a noise signal to produce watermark information, **comprising:**

generating a ~~wherein the~~ noise signal **as** [[is]] a function of at least one variable which depends on key and processing state information**; and**

providing the generated noise signal.

17 – 62. canceled.

63. (currently amended): A system for encoding a watermark in a digital signal, comprising:

a generator for generating a **~~plurality of watermark~~** pseudo-random key**;** ~~bits;~~ and

an encoder for encoding **a** ~~the~~ watermark in the digital signal using**: i)** the **~~watermark~~** pseudo-random key**;** ~~bits~~ and **ii)** characteristics of the digital signal.

64. (currently amended): The system of claim 63, wherein the generator is selected from ~~the group consisting of~~ a non-linear generator **or** ~~and~~ a scrambling generator.

65. (previously presented): The system of claim 63, wherein the characteristics of the digital signal comprise mathematically defined functions of the digital signal.

66. (currently amended): A system for encoding a watermark in a digital signal, comprising:

a processor: i) to map ~~mapper for mapping~~ pseudo-random key and processing state information to effect an encode/decode map**;** ~~using a generator;~~ and **ii) to encode a** ~~an encoder for encoding the~~ watermark in **a** ~~the~~ digital signal using the encode/decode map and characteristics of the digital signal.

67. (currently amended): The system of claim 66, wherein the generator is selected from ~~the group consisting of~~ a non-linear generator **or** ~~and~~ a scrambling generator.

68. (previously presented): The system of claim 66, wherein the characteristics of the digital signal comprise mathematically defined functions of the digital signal.

69 – 133. canceled.

134. (new): The method of claim 11 wherein the digital signal represents audio, imagery or video.

135. (new): The method of claim 12 wherein the digital signal represents audio, imagery or video.

136. (new): The method of claim 13 wherein the digital signal represents audio, imagery or video.

137. (new): The system of claim 63 wherein the digital signal represents audio, imagery or video.

138. (new): The system of claim 66 wherein the digital signal represents audio or video.